FUNDAMENTALS OF PUBLIC FUNDS INVESTING

INTRODUCTION: RECAP OF DAY ONE
Historical Lessons

- History of Poor Investment Practices (Characteristics/Behaviors)
- Major Legislative Changes (LAO) – Reporting Mandates
- “I” Stands for Investments
Investment Officers, Staff and Elected Officials

Duty of Care

Duty of Loyalty

Duty of Good Faith

Faith

& Fair Dealing

DUTY OF OBEDIENCE
Roles and Responsibilities of Elected Officials and Investment Officer/Staff

- County Treasurers (CA Code Sec. 27000)
- City Treasurer’s CA Code Sec 41001-41007
- Investment Officers CA Code, Sec 53600.5
- Investment Analysts
- Treasury and Finance Oversight
- County Supervisors and City Council
- Personal Liability
Investment Advisors and Broker/Dealers

- Services
- Roles and Responsibilities
- Regulatory Oversight
- Expectations
- Selection
- Cost

WHO IS IN YOUR CORNER?
Investment Concepts

- Fixed income securities
  - Issuer
  - Maturity
  - Coupon
  - Yield

- Price yield relationship

- Basis point (1/100 or 1% or .0001)

- Spread
Investment Concepts

- **YIELD CURVE**

  - Normal (positively sloped)
  - Flat
  - Inverted (negatively sloped)
  - Humped
Investment Concepts

- Yield Spread
- Risk
- Optional Adjusted Spread
- Duration
- Convexity
CA Local Agency Investment Guidelines

Parts:
- Investment Policy
- Fund Management
- Reporting
- Oversight Committees
Government Code Section 53601.5 requires local agencies to purchase the investments authorized pursuant to Section 53601 or 53601.1.

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<th>Investment Class:</th>
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<th>Money Markets (short-term)</th>
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CDIAC Webinar 2015- The Public Investment Portfolio
Investment Policy and Objectives

- Scope
- Objectives
- Dealers
- Authorized Investments
- Delegation
- Ethical and Legal Standards
- Internal Controls
- Oversight Committee
- Reporting
Cash Flow and Forecasting

Concepts

Plan and Execution

Case Study
Second Day

Goal: Concepts to balance a public portfolio’s safety, liquidity and Yield thru learning:

- Selection
- Strategies
- Measurements
- Accounting and Reporting